

## **GateHouse Telecom A/S**

Strømmen 6  
9400 Nørresundby  
Business Registration No  
26040299

## **Annual report 01.10.2018 - 30.09.2019**

The Annual General Meeting adopted the annual report on 04.02.2020

### **Chairman of the General Meeting**

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Name: Jakob Axel Nielsen

# Contents

|  | <b><u>Page</u></b> |
|--|--------------------|
| Entity details                               | 1                  |
| Statement by Management on the annual report | 2                  |
| Independent auditor's report                 | 3                  |
| Management commentary                        | 6                  |
| Income statement for 2018/19                 | 8                  |
| Balance sheet at 30.09.2019                  | 9                  |
| Statement of changes in equity for 2018/19   | 11                 |
| Notes  | 12                 |
| Accounting policies                          | 16                 |

## Entity details

### Entity

GateHouse Telecom A/S  
Strømmen 6  
9400 Nørresundby

Central Business Registration No (CVR): 26040299

Registered in: Aalborg

Financial year: 01.10.2018 - 30.09.2019

### Board of Directors

Jakob Axel Nielsen, Chairman of the board  
Nina Christiane Movin, Vice Chairman of the board  
Mads Peter Lübeck  
Frank Winther  
Denis Jean Jørgen Viet-Jacobsen  
Søren Bondo Andersen  
Jørgen Brøndgaard Nielsen

### Executive Board

Michael Bondo Andersen  
Anette Kristensen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Østre Havnepromenade 26, 4. sal  
9000 Aalborg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of GateHouse Telecom A/S for the financial year 01.10.2018 - 30.09.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 27.11.2019

### Executive Board

Michael Bondo Andersen

Anette Kristensen

### Board of Directors

Jakob Axel Nielsen  
Chairman of the board

Nina Christiane Movin  
Vice Chairman of the board

Mads Peter Lübeck

Frank Winther

Denis Jean Jørgen Viet-  
Jacobsen

Søren Bondo Andersen

Jørgen Brøndgaard Nielsen

# Independent auditor's report

## To the shareholders of GateHouse Telecom A/S

### Opinion

We have audited the financial statements of GateHouse Telecom A/S for the financial year 01.10.2018 - 30.09.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 27.11.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Lars Birner Sørensen  
State Authorised Public Accountant  
Identification No (MNE) mne11671

## Management commentary

|   | <b>2018/19</b> | <b>2017/18</b> | <b>2016/17</b> | <b>2015/16</b> | <b>2014/15</b> |
|---|----------------|----------------|----------------|----------------|----------------|
|   | <b>DKK'000</b> | <b>DKK'000</b> | <b>DKK'000</b> | <b>DKK'000</b> | <b>DKK'000</b> |
| <b>Financial highlights</b>                     |                |                |                |                |                |
| <b>Key figures</b>                              |                |                |                |                |                |
| Gross profit                                    | 19.742         | 15.641         | 30.850         | 18.524         | 16.893         |
| Operating profit/loss                           | 5.052          | 2.362          | 17.998         | 5.819          | 4.647          |
| Net financials                                  | (62)           | 86             | 64             | 6              | (120)          |
| Profit/loss for the year                        | 3.879          | 1.879          | 14.080         | 4.535          | 3.483          |
| Total assets                                    | 24.914         | 25.501         | 40.302         | 24.185         | 23.479         |
| Investments in property,<br>plant and equipment | 825            | 451            | 522            | 0              | 9              |
| Equity  | 13.869         | 14.003         | 24.170         | 12.074         | 7.534          |
| <b>Ratios</b>                                   |                |                |                |                |                |
| Return on equity (%)                            | 27,8           | 9,8            | 77,7           | 46,3           | 24,5           |
| Equity ratio (%)                                | 55,7           | 54,9           | 60,0           | 49,9           | 32,1           |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

| <b>Ratios</b>        | <b>Calculation formula</b>   | <b>Calculation formula reflects</b>                                  |
|----------------------|--|--|
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%)     | $\frac{\text{Equity} \times 100}{\text{Total assets}}$                     | The financial strength of the entity.                                |



## Management commentary

### Primary activities

The Company's object and activity are to develop technical software for satellite and telecommunications purposes as well as to provide consulting services. The customers are serviced through delivery of software products as well as adjustment and integration of these products. Moreover, the Company handles different types of customer-specific assignments and communications consultancy.

### Development in activities and finances

The company has realised a net profit of DKK 3,879k. At 30 September 2019, equity totals DKK 13,869k and the solvency ratio stands at 55,7%.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2018/19

|  | <u>Notes</u> | <u>2018/19</u><br><u>DKK'000</u> | <u>2017/18</u><br><u>DKK'000</u> |
|--|--------------|----------------------------------|----------------------------------|
| <b>Gross profit</b>                              |              | <b>19.742</b>                    | <b>15.641</b>                    |
| Staff costs                                      | 1            | (14.413)                         | (13.124)                         |
| Depreciation, amortisation and impairment losses |              | <u>(277)</u>                     | <u>(155)</u>                     |
| <b>Operating profit/loss</b>                     |              | <b>5.052</b>                     | <b>2.362</b>                     |
| Other financial income                           | 2            | 24                               | 196                              |
| Other financial expenses                         |              | <u>(86)</u>                      | <u>(110)</u>                     |
| <b>Profit/loss before tax</b>                    |              | <b>4.990</b>                     | <b>2.448</b>                     |
| Tax on profit/loss for the year                  | 3            | <u>(1.111)</u>                   | <u>(569)</u>                     |
| <b>Profit/loss for the year</b>                  |              | <b><u>3.879</u></b>              | <b><u>1.879</u></b>              |
| <b>Proposed distribution of profit/loss</b>      |              |                                  |                                  |
| Ordinary dividend for the financial year         |              | 0                                | 4.000                            |
| Retained earnings                                |              | <u>3.879</u>                     | <u>(2.121)</u>                   |
|  |              | <b><u>3.879</u></b>              | <b><u>1.879</u></b>              |

## Balance sheet at 30.09.2019

|  | <u>Notes</u> | <u>2018/19</u><br><u>DKK'000</u> | <u>2017/18</u><br><u>DKK'000</u> |
|--|--------------|----------------------------------|----------------------------------|
| Completed development projects                   |              | 0                                | 0                                |
| <b>Intangible assets</b>                         | 4            | <u>0</u>                         | <u>0</u>                         |
| Other fixtures and fittings, tools and equipment |              | 1.033                            | 735                              |
| Leasehold improvements                           |              | 0                                | 27                               |
| <b>Property, plant and equipment</b>             | 5            | <u>1.033</u>                     | <u>762</u>                       |
| Deposits   |              | 666                              | 650                              |
| <b>Fixed asset investments</b>                   | 6            | <u>666</u>                       | <u>650</u>                       |
| <b>Fixed assets</b>                              |              | <u>1.699</u>                     | <u>1.412</u>                     |
| Trade receivables                                |              | 3.026                            | 3.203                            |
| Contract work in progress                        | 7            | 201                              | 54                               |
| Receivables from group enterprises               |              | 12.852                           | 15.526                           |
| Other receivables                                |              | 0                                | 137                              |
| Prepayments                                      |              | 102                              | 87                               |
| <b>Receivables</b>                               |              | <u>16.181</u>                    | <u>19.007</u>                    |
| <b>Cash</b>                                      |              | <u>7.034</u>                     | <u>5.082</u>                     |
| <b>Current assets</b>                            |              | <u>23.215</u>                    | <u>24.089</u>                    |
| <b>Assets</b>                                    |              | <u>24.914</u>                    | <u>25.501</u>                    |

## Balance sheet at 30.09.2019

|  | <u>Notes</u> | <u>2018/19</u><br><u>DKK'000</u> | <u>2017/18</u><br><u>DKK'000</u> |
|--|--------------|----------------------------------|----------------------------------|
| Contributed capital                                  |              | 500                              | 500                              |
| Retained earnings                                    |              | 13.369                           | 9.503                            |
| Proposed dividend                                    |              | <u>0</u>                         | <u>4.000</u>                     |
| <b>Equity</b>  |              | <b><u>13.869</u></b>             | <b><u>14.003</u></b>             |
| Deferred tax   |              | <u>659</u>                       | <u>137</u>                       |
| <b>Provisions</b>                                    |              | <b><u>659</u></b>                | <b><u>137</u></b>                |
| Joint taxation contribution payable                  |              | <u>401</u>                       | <u>713</u>                       |
| <b>Non-current liabilities other than provisions</b> |              | <b><u>401</u></b>                | <b><u>713</u></b>                |
| Prepayments received from customers                  |              | 4.754                            | 5.029                            |
| Contract work in progress                            | 7            | 613                              | 1.525                            |
| Trade payables                                       |              | 458                              | 818                              |
| Joint taxation contribution payable                  |              | 488                              | 0                                |
| Other payables                                       |              | <u>3.672</u>                     | <u>3.276</u>                     |
| <b>Current liabilities other than provisions</b>     |              | <b><u>9.985</u></b>              | <b><u>10.648</u></b>             |
| <b>Liabilities other than provisions</b>             |              | <b><u>10.386</u></b>             | <b><u>11.361</u></b>             |
| <b>Equity and liabilities</b>                        |              | <b><u>24.914</u></b>             | <b><u>25.501</u></b>             |
| Financial instruments                                | 8            |                                  |                                  |
| Unrecognised rental and lease commitments            | 9            |                                  |                                  |
| Contingent liabilities                               | 10           |                                  |                                  |
| Group relations                                      | 11           |                                  |                                  |

## Statement of changes in equity for 2018/19

|                               | <b>Contributed<br/>capital<br/>DKK'000</b> | <b>Retained<br/>earnings<br/>DKK'000</b> | <b>Proposed<br/>dividend<br/>DKK'000</b> | <b>Total<br/>DKK'000</b> |
|-------------------------------|--|--|--|--------------------------|
| Equity beginning<br>of year   | 500  | 9.503                                    | 4.000                                    | 14.003                   |
| Ordinary<br>dividend paid     | 0  | 0  | (4.000)                                  | (4.000)                  |
| Value<br>adjustments          | 0  | (17)                                     | 0  | (17)                     |
| Tax of entries on<br>equity   | 0  | 4  | 0  | 4                        |
| Profit/loss for<br>the year   | <u>0</u>                                   | <u>3.879</u>                             | <u>0</u>                                 | <u>3.879</u>             |
| <b>Equity end of<br/>year</b> | <b><u>500</u></b>                          | <b><u>13.369</u></b>                     | <b><u>0</u></b>                          | <b><u>13.869</u></b>     |

## Notes

|   | <b>2018/19</b> | <b>2017/18</b> |
|---|----------------|----------------|
|   | <b>DKK'000</b> | <b>DKK'000</b> |
| <b>1. Staff costs</b>                           |                |                |
| Wages and salaries                              | 11.345         | 10.267         |
| Pension costs                                   | 2.190          | 2.374          |
| Other social security costs                     | 72             | 80             |
| Other staff costs                               | 806            | 403            |
|   | <b>14.413</b>  | <b>13.124</b>  |
| <br>  |                |                |
| Average number of employees                     | <b>25</b>      | <b>26</b>      |
|   |                |                |
|   | <b>2018/19</b> | <b>2017/18</b> |
|   | <b>DKK'000</b> | <b>DKK'000</b> |
| <b>2. Other financial income</b>                |                |                |
| Financial income arising from group enterprises | 20             | 186            |
| Other interest income                           | 4              | 10             |
|   | <b>24</b>      | <b>196</b>     |
|   |                |                |
|   | <b>2018/19</b> | <b>2017/18</b> |
|   | <b>DKK'000</b> | <b>DKK'000</b> |
| <b>3. Tax on profit/loss for the year</b>       |                |                |
| Current tax                                     | 585            | 844            |
| Change in deferred tax                          | 526            | (275)          |
|   | <b>1.111</b>   | <b>569</b>     |

## Notes

|   | <b>Completed<br/>develop-<br/>ment<br/>projects<br/>DKK'000</b> |
|---|---|
|   | <u>DKK'000</u>  |
| <b>4. Intangible assets</b>                           |   |
| Cost beginning of year                                | 24.849  |
| <b>Cost end of year</b>                               | <b><u>24.849</u></b>  |
| Amortisation and impairment losses beginning of year  | (24.849)  |
| <b>Amortisation and impairment losses end of year</b> | <b><u>(24.849)</u></b>  |
| <b>Carrying amount end of year</b>                    | <b><u>0</u></b>   |

Completed development projects comprises finished projects which supports the company's continuing performance. The projects are fully depreciated.

|   | <b>Other<br/>fixtures and<br/>fittings,<br/>tools and<br/>equipment<br/>DKK'000</b> | <b>Leasehold<br/>improve-<br/>ments<br/>DKK'000</b> |
|---|---|---|
|   | <u>DKK'000</u>  | <u>DKK'000</u>                                      |
| <b>5. Property, plant and equipment</b>               |   |   |
| Cost beginning of year                                | 1.479   | 240   |
| Additions   | 825   | 0   |
| Disposals   | (476)   | 0   |
| <b>Cost end of year</b>                               | <b><u>1.828</u></b>   | <b><u>240</u></b>                                   |
| Depreciation and impairment losses beginning of year  | (744)   | (213)   |
| Depreciation for the year                             | (250)   | (27)  |
| Reversal regarding disposals                          | 199   | 0   |
| <b>Depreciation and impairment losses end of year</b> | <b><u>(795)</u></b>   | <b><u>(240)</u></b>                                 |
| <b>Carrying amount end of year</b>                    | <b><u>1.033</u></b>   | <b><u>0</u></b>                                     |

## Notes

|                                    | <b>Deposits<br/>DKK'000</b> |
|------------------------------------|-----------------------------|
| <b>6. Fixed asset investments</b>  |                             |
| Cost beginning of year             | 650                         |
| Additions                          | 16                          |
| <b>Cost end of year</b>            | <b>666</b>                  |
| <b>Carrying amount end of year</b> | <b>666</b>                  |

|   | <b>2018/19<br/>DKK'000</b> | <b>2017/18<br/>DKK'000</b> |
|---|----------------------------|----------------------------|
| <b>7. Contract work in progress</b>                   |                            |                            |
| Contract work in progress                             | 5.062                      | 1.771                      |
| Progress billings regarding contract work in progress | (5.474)                    | (3.242)                    |
| Transferred to liabilities other than provisions      | 613                        | 1.525                      |
|   | <b>201</b>                 | <b>54</b>                  |

### 8. Financial instruments

At the balance sheet date, the Company has signed three forward contracts with its banker for the sale of USD. The forward contracts have been concluded to hedge the current payments on sales contracts signed.

At 30 September 2019, the total hedge amounts USD 183 k (DKK 1.156K) will expire on latest 12 August 2020. At the balance sheet date, under other payables, there is an unrealised exchange loss of DKK 76k. The fair value adjustment is recognized in equity.

|  | <b>2018/19<br/>DKK'000</b> | <b>2017/18<br/>DKK'000</b> |
|--|----------------------------|----------------------------|
| <b>9. Unrecognised rental and lease commitments</b>                  |                            |                            |
| Liabilities under rental or lease agreements until maturity in total | <b>666</b>                 | <b>1.116</b>               |

### 10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where GateHouse Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.



## Notes

### **11. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
GateHouse Holding A/S, Aalborg

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue from sales of software products and advisory services is recognised in the income statement when delivery and the risk transition to the buyer has taken place. Revenue from sales of support and maintenance is recognised in the income statement over the support and maintenance period. Royalty income is recognised in profit or loss over the period to which royalties relate. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

## Accounting policies

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

### Other financial expenses

Other financial expenses comprise interest expenses.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property

## Accounting policies

rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

|  |           |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements                           | 5 years   |

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Contract work in progress

Contract work in progress is measured at the selling price of the performed work. The selling price is measured based on the stage of completion at the balance sheet date and the total estimated income from the individual contract work in progress. Total estimated income includes the capitalised value of contractual amounts falling due after one year. The Company's financing interest rate at the balance sheet date is used as capitalisation factor.

Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources.

If the selling price of a construction contract cannot be made up reliably, it is measured at the lower of costs incurred, including IPO charge, and net realisable value.

When total expenses are likely to exceed total income from contract work in progress, the total estimated loss is provided for on the contract.

Prepayments are set off against contract work in progress.

## Accounting policies

The market value of foreign claims is calculated at the market price at the balance sheet date or at the hedged foreign exchange rate.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.